

EX PARTE OR LATE FILED

Genevieve Morelli  
Vice President & General Counsel

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

December 7, 1993

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M St., N.W.  
Room 222  
Washington, D.C. 20554

Re: Ex Parte Communication  
CC Docket No. 92-77

Dear Mr. Caton:

On December 6, 1993, Genevieve Morelli, James M. Smith, Richard E. Wiley and Larry James, representing the Competitive Telecommunications Association ("CompTel"), met with Rudy Baca of Commissioner Quello's office to discuss the above-captioned proceeding. A copy of the materials discussed during this meeting is attached.

Please direct any questions concerning this letter to the undersigned.

Sincerely,

*Genevieve Morelli*  
Genevieve Morelli

cc: Rudy Baca

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FEDERAL COMMUNICATIONS COMMISSION  
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**COMPTEL EX PARTE PRESENTATION:  
BILLED PARTY PREFERENCE  
(CC DOCKET NO. 92-77)**

**December 6, 1993**

# **FROST & SULLIVAN MARKET INTELLIGENCE**

## **"REPORT ON APPLICABILITY AND COST OF BILLED PARTY PREFERENCE"**

- Frost & Sullivan (formerly MIRC): Preeminent firm in Operator Services market research, authored exhaustive 1991 Operator Services Market Study; third edition in progress.
- CompTel commissioned Frost & Sullivan in 9/93 to perform study on efficacy and costs of BPP
  - no prior outside analysis in record on the numbers/types of operator-assisted calls that will -- or will not -- be affected or "benefitted" by BPP
  - no prior outside opinion in record on degree of consumer cost of BPP, or "savings" realized from abolition of commission-based presubscription of payphones.

## **FROST & SULLIVAN REPORT FINDINGS: CALLS ACTUALLY AFFECTED BY BPP**

Conclusion: Maximum of 19% of operator-assisted calls will be affected by BPP\*

- Universe: 3.3 billion calls
- Unaffected by BPP:
  - (1) Calls where billed party and telephone used are presubscribed to same carrier (caller reaches carrier of choice irrespective of BPP): 2.08 billion calls
    - AT&T subscriber/AT&T payphone
    - MCI or Sprint subscriber/MCI or Sprint payphone
    - 0+ calls from homes/offices
  - (2) "Dialed-around" calls (10XXX access code, 800/950 code) (calls never enter BPP system): 300 million calls
  - (3) "0-" calls routed to carrier of choice (carrier of choice accessed irrespective of BPP): 257 million calls
    - "0" call routed to carrier of choice by live LEC operator
    - Coin sent-paid calls
    - Collect, third-party calls

### **Total Calls Affected by BPP:**

- Total Universe of Operator-Assisted Calls: 3.30 billion  
Less Calls Unaffected by BPP: 2.67 billion  
0.63 billion  
(19% of operator calls)

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\* Based on 1992 call data

**FROST & SULLIVAN REPORT FINDINGS:  
COST OF BPP PER CALL AFFECTED  
(Over First Five Years of BPP)**

- Using record information supplied by RHCs & GTE:

63¢/call

- Using record estimates submitted by CompTel:

99¢/call

**FROST & SULLIVAN REPORT FINDINGS:  
PUBLIC "SAVINGS" FROM REPLACEMENT OF  
COMMISSION-BASED PRESUBSCRIPTION WITH BPP**

- Total Commissions (1992): \$500 - \$550 Million
- Offset by Commission-Substitutes
  - estimated increased  
payphone compensation: \$42 million
  - estimated increase in  
surcharges: \$275 million

# BPP: SOCIAL ENGINEERING AT ITS WORST

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- Item: Every caller today can reach carrier of choice by dialing as few as 5 extra digits.
- Item: BPP would be costly to consumers (\$1-2 billion, 63¢ per benefitted call)
- Item: BPP would effectively interpose monopoly LECs in all 0+ calling, effectively undermining FCC policies favoring:
  - CAP access
  - Use of special access by large users

## Conclusion:

Adoption of BPP would undermine other public interest policies of FCC, and would constitute conclusion by FCC that consumers cannot be trusted to reach their preferred carrier themselves, but would rather bear the substantial additional cost of BPP.